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March 13, 2007

AGENDA ITEM 10

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** 2007-08 Proposed Federal Health Policy Legislative Priorities
- II. PROGRAM:** Legislation
- III. RECOMMENDATION:** Staff recommends that the Board:
 - 1. Adopt the attached federal health policy priorities for 2007-08.
 - 2. Direct staff to monitor federal proposals based on these priorities, and seek opportunities to advance the identified goals.

IV. ANALYSIS:

Attachment 1 presents the federal health policy priorities recommended by staff for the 110th Congress. The adoption of these priorities will provide direction to the Office of Governmental Affairs and to our federal legislative representative to identify and focus their efforts on those issues that most impact the strategic direction of the CalPERS health benefits program.

The Board previously adopted federal health policy priorities relative to the 109th Congress. These priorities have been valuable in guiding staff activities on federal legislative issues. The suggested priorities contained in Attachment 1 are fairly similar to the previously adopted 2005-06 priorities.

Background

At the January 2007 Off-Site meeting, the Board was presented an overview of the federal environment for health care for 2007-08. In reviewing the issues likely to be addressed at the federal level, staff identified some new areas that could have potentially significant impacts on the CalPERS health benefits program. These include:

- efforts to require the federal government to conduct research that compares the relative value of new drugs/devices to existing technology in order to educate and empower purchasers to make more informed decisions;
- efforts to reward providers for high quality care and for reporting information based on quality measures, with the ultimate goal of making the health system more accountable to patients;
- legislation that would expand access to traditional generic drugs as well as create a pathway for the approval of biogenerics; and
- continuing efforts to secure affordable, meaningful coverage for employees of small businesses.

The recommendations in Attachment 1 address each of these areas by updating our current policies. The recommended legislative priorities will help define CalPERS' role as a leader on these important issues. Staff recommends that the Board adopt the attached federal health policy priorities and direct staff to prioritize federal legislative activities accordingly.

V. STRATEGIC PLAN:

This item supports the CalPERS Strategic Plan Goal I: Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit system.

VI. RESULTS/COST:

The adoption of federal health priorities will provide direction to the Office of Governmental Affairs in identifying and focusing its efforts on those issues that most impact the strategic direction of the CalPERS Health Benefits Program.

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